

105TH CONGRESS
1ST SESSION

H. R. 2981

To amend the Higher Education Act of 1965 relating to financial responsibility for refunds and during provisional certification and change of ownership.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 1997

Mr. ALLEN (for himself and Mr. BALDACCI) introduced the following bill;
which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 relating to financial responsibility for refunds and during provisional certification and change of ownership.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Loan Protec-
5 tion Act”.

1 **SEC. 2. FINANCIAL RESPONSIBILITY FOR REFUNDS AND**
2 **DURING PROVISIONAL CERTIFICATION;**
3 **CHANGE OF OWNERSHIP.**

4 (a) FINANCIAL RESPONSIBILITY FOR REFUNDS AND
5 DURING PROVISIONAL CERTIFICATION.—Section 498 of
6 the Higher Education Act of 1965 (20 U.S.C. 1099c) is
7 amended—

8 (1) in subsection (e) by adding at the end the
9 following new paragraphs:

10 “(6) Notwithstanding any other provision of
11 law, any person required to pay, on behalf of a stu-
12 dent or borrower, a refund of unearned institutional
13 charges to a lender, or the Secretary, who willfully
14 fails to pay such refund or willfully attempts in any
15 manner to evade payment of such refund, shall, in
16 addition to other penalties provided by law, be liable
17 to the Secretary for the amount of the refund not
18 paid, to the same extent with respect to such refund
19 that such an individual would be liable as a respon-
20 sible person for a penalty under section 6672(a) of
21 title 26, United States Code, with respect to the
22 nonpayment of taxes.

23 “(7) Notwithstanding any other provision of
24 law, a proprietary institution of higher education, as
25 defined in section 481(b), may be provisionally cer-
26 tified under subsection (h) only if it provides the

1 Secretary with financial grantees from one or more
2 individuals whom the Secretary determines, in ac-
3 cordance with subsection (e)(2), exercise substantial
4 control over such institution. Such financial guaran-
5 tees shall be in addition to any financial guarantees
6 otherwise required from the institution and shall be
7 in an amount determined by the Secretary to be suf-
8 ficient to satisfy the institution's potential liability to
9 the Federal Government, student assistance recipi-
10 ents, and other program participants for funds
11 under this title during the period of provisional cer-
12 tification.”; and

13 (2) in subsection (i)(2), by striking subpara-
14 graph (E) and inserting the following new subpara-
15 graph:

16 “(E) the change in tax filing status of an
17 institution from for-profit to non-profit; or”.

18 (b) EFFECTIVE DATE.—The amendments made by—

19 (1) subsection (a)(1), relating to responsibility
20 for unpaid refunds, shall be effective with respect to
21 any unpaid refunds that were first required to be
22 paid to a lender or to the Secretary on or after 90
23 days after the date of enactment of this Act;

24 (2) subsection (a)(1), relating to financial guar-
25 antees required for provisional certification, shall be

1 effective with respect to any proprietary institution
2 of higher education provisionally certified by the
3 Secretary on or after the date of enactment of this
4 Act; and

5 (3) subsection (a)(2) shall be effective on the
6 date of the enactment of this Act.

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